New Straits Times ms 18 01/08/2019

REPLACING INDONESIA

MALAYSIA SET TO BE TOP PALM OIL SUPPLIER TO INDIA

New Delhi charges lower import tax on shipments from Malaysia, giving Kuala Lumpur an edge over Jakarta

MUMBAI

MALAYSIA is set to replace Indonesia as the top palm oil supplier to India this year as New Delhi has been charging lower import tax on refined palm oil shipments from Malaysia, giving Kuala Lumpur an edge over Jakarta, said trade officials.

The rise in refined palm oil shipments will help refiners in Malaysia and bring down inventories of tropical oil in the world's second bigger producer, but squeeze Indian refiners that traditionally import crude palm oil.

India is the world's biggest importer of palm oil.

In January, New Delhi cut import duty on refined palm oil shipments to 50 per cent from 54 per cent, but Malaysian shipments attracted 45 per cent duty due to a Comprehensive Economic Cooperation Agreement signed by the two countries a decade ago.

The duty advantage has helped Malaysia raise its market share in India's palm oil imports to 52 per cent in the first half of this year, compared with 30 per cent last year, said Malaysian Palm Oil Board (MPOB) chairman Tan Sri Mohd Bakke Salleh on sidelines of a conference, here.

"We are expecting the market share to remain the same in the second half."

India's palm oil imports from Malaysia surged to 2.59 million tonnes in the first half, compared with 1.39 million tonnes during the same period a year ago, according to MPOB data.

Indonesia has asked India to cut import tax on its refined palm oil shipments to 45 per cent as Jakarta's share in the Indian market fell below Malaysia's for the first time.

Indian refiners are struggling to operate their plants due to rising imports of refined palm oil from Malaysia, said B.V. Mehta, executive director of the Solvent Extractors' Association of India (SEA).

Refined palm oil shipments are rising as the import duty difference between refined and crude palm oil has fallen to five per cent from 10 per cent earlier, said Mehta.

India imported 1.59 million tonnes of refined palm oil in first half of this year, up 50 per cent from a year ago, according to SEA.

New Delhi's refined palm oil imports are likely to jump to a record three million tonnes in the 2018/19 marketing year ending October 31, up 43 per cent from a year ago, said Mehta, adding "Indian refiners won't survive unless the government raises import tax on refined palm oil". **Reuters**

Malaysia managed to raise its market share in India's palm oil imports to 52 per cent in the first half of this year compared with 30 per cent last year. BLOOMBERG PIC

BURSA MALAYSIA

Big-cap stocks expected to outperform small caps

KUALA LUMPUR: Bigger is better in battered Malaysian equities as investors expect stocks of larger firms to outperform those of smaller firms in the second half of this year.

That would be a sea of change from the performance so far.

An index of the nation's small stocks has gained 20 per cent this year compared with a 3.6 per cent decline in the FTSE Bursa Malaysia KLCI Index (FTSE KLCI) tracking the biggest 30 firms.

The broad benchmark remains the worst performer among the world's major markets this year.

Malaysia's large firms' stocks have lagged smaller firms' year-to-date.

Investors from Manulife to Areca Capital Sdn expect Malaysia's large firms to benefit from clearer policy direction after a year of public reforms and project reviews.

While more than US$3 billion (RM12.3 billion) has left the nation since the elections in May last year, overseas funds have been returning to buy a net of US$61.4 million Malaysian stocks last month, a second straight month of inflows.

"We are pretty positive for the second half," said Danny Wong, who oversees RM1.6 billion in assets under management.

The FTSE KLCI index can gain about 10 per cent from Friday's close, he said, adding that "large caps would do good in second half, even if small ones don't". **Bloomberg**